

Identification	Department	Economics and Management	
	Program	Undergraduate	
	Subject	ECON 390: World Economy- 3KU/6ECTS credits	
	Term	Fall, 2019	
	Instructor	Nijat Garayev, gnicat@gmail.com	
	Classroom/hours	Mehseti Str. 41, Monday 18:30-21:00, Room 306N	
	Office hours		
Prerequisites	ECON 202 Principles of Macroeconomics		
Language	English		
Compulsory/Elective	Compulsory		
Text books and course materials	TEXTBOOKS		
	An Introduction to international economics: New Perspectives on the World Economy by Kenneth A. Reinert, 2012.		
	SUPPLEMENTARY MATERIALS		
	International Economics: Theory and Policy by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 9 th edition, 2012;		
	An Economics History of Twentieth-Century Europe: Economic regimes from Laissez Faire to Globalization by Ivan T. Berend, 2006;		
Teaching methods	Case analysis		X
	Group discussion		
	Lab		
	Lecture		X
	Course paper/ country report		X
	Problem Solving		X
	Others		
Evaluation Criteria	Methods	Date/deadlines	Percentage (%)
	Midterm Exam	4.11.19	30
	Case studies		
	Attendance		5
	Activity		5
	Quizzes & Assignments	14.10.19 16.12.19	10 (2 quizzes)
	Project/Essay (Country Report, 1500 words)	23.12.19	15
	Laboratory Work		
	Final Exam		35
	Total		100
Cours objectives	<p>The objective of the course is to provide students with skills and tools necessary to understand and analyze contemporary international macroeconomic and financial issues, policies and events. These involve discussions about the exchange of final goods and services, financial flows and factors of production across national borders, how are these issues work and to what extent they hold against the real world. Students will acquire basic knowledge on the main economic theories and develop and understanding of the politics of international economic relationships, relations of theories to the developing countries and the main debates in the international economics.</p> <p>Following activities will be involved to enhance students' writing skills and assess knowledge acquisition continuously:</p> <p>Country Report (Project/ Essay): Students will have to write a 1000 word (or, 2000 words for a pair-team) essay on a country, applying the theories and approaches learned to the case of the country to be researched, selected from the list of OECD countries provided by the instructor. The essay will be divided into sections in accordance with the subject-fields of the course, and each will be assessed separately for evaluation including an additional point regarding referencing and essay layout;</p> <p>There will be 2 quizzes throughout the course. Each quiz will have five percentage points of the overall grade. Each quiz will be made of 10 multiple choice questions and will cover subjects learned until each preceding class.</p>		

Course outline	<p>The course is conceptually divided into two main parts:</p> <ul style="list-style-type: none"> - Trade models and theories; - International Finance and National Accounting Frameworks (Macroeconomic analysis of goods, money and exchange markets); <p>We will cover basic classical and modern trade theories, patterns of international specialization and real and financial exchange, trade policy, government interventions etc. A attention will be paid to the relevant contemporary problems in developing countries (Section 4). Main macroeconomic relationships and the influence of prices, interest rates and exchange rates GDP, inflation and unemployment will also be covered. Applying these to an open economy we will discuss also exchange rates, currency trading and the global monetary system, fixed and floating exchange regimes.</p> <p>Laboratory</p>		
Learning outcomes	<p>Upon completion of this course students will develop the tools necessary to determine the impacts of trade barriers on domestic and foreign markets; apply trade theories on current international economic relations; analyze current cases of international movement of goods, services and factors; understand major international monetary issues. Students will further develop their knowledge of macroeconomics (such as gains from trade and specialization) and microeconomics (intersection of national and international goods and financial markets) and learn to discuss them from the international economic relations perspective.</p>		
Policy	<p>Plagiarism is a serious academic offence. It equals to theft and undermines and disrespects the work of other students, therefore it will not be tolerated. Plagiarism is copying the work of another student and presenting it as one's own. Whether this work (or part of the work) belongs to an academic author or another student, it does not make a difference. If it belongs to an academic author, then the source must be referred to. Copy-pasting from internet, copying and modifying, copying and changing or translating somebody else's work from another language IS PLAGIARISM UNLESS it is used in quotations and referred properly, it does not contain more than 25% of the written work. It is essential that students understand the necessity of the input it is required of them to put in the course, both in readings and in assessment terms. Further information on plagiarism can be obtained at: http://www.plagiarism.org/. PLAGIARISED WORKS WILL NOT BE GRADED</p> <p>It is important to make sure to indicate the source of any work or an idea if it is to be used in the writing. Differentiate between primary and secondary sources when referencing and use formal referencing style. The written work must be coherently referenced. Poor referencing will result in diminishing of the grade. If systemic plagiarism is observed, the work will not be graded (it will be marked zero). Further information can be obtained at: http://citationmachine.net/index2.php.</p>		
Schedule			
Week	Date	Topics	Textbook/Assignments
1	16.09.19	<p>What is International Economics about? History of International Economics: Trade and Money</p> <ul style="list-style-type: none"> - Brief economic history of the 19 and 20th centuries; mercantilism, Laissez Faire, Protectionism, World Wars and their effects to international commerce, adoption and abandoning of the Gold Standard 	I. T.Berend: pages 10-15, 42-47, 61-74, 226-235
2	23.09.19	<p>Section 1: International Trade Supply and Demand Law in international economics</p> <ul style="list-style-type: none"> - Absolute advantage - Comparative advantage - Essay topics will be presented at class and students will choose from among them 	K. Reinert, Chapters 1 and 2; pages: 20-44)
3	30.09.19	<p>Basic Models of [International] Trade</p> <ul style="list-style-type: none"> - Ricardian Model: Comparative advantage; - One factor economy: production possibility frontier; relative demand and relative supply and autarkic terms of trade; - Trade in Ricardian world: determination of international terms of trade, complete specialization, gains from trade. - Specific Factors and income inequality. 	Chapter 3, 4 Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 9 th edition, 2012

4	07.10.19	Intra-Industry trade; Political Economy of trade <ul style="list-style-type: none"> - Trade between and within industries and its organization; - Global patterns of intra-industry (capital goods market) trade; - Approaches/theories to political economy of trade; - Trade and factors of production; - The role of specific factors. 	K. Reinert , Chapters 4 and 5; pages 46-54; 58-70. (Optional: Chapter 10 Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 9 th edition, 2012; Colman and Nixon, chapter 9)
5	14.10.19	Trade Policy Analysis <ul style="list-style-type: none"> - Trade Policy measures) cost-increasing; tax-like; quantitative; government procurements; - Tariffs, quotas, effects on terms of trade. Quiz 1 	K. Reinert, Chapter 6; pages 76-87 (optional to read Chapter 7, The WTO)
6	21.10.19	Section 2: International Production Foreign Market Entry, FDI and Intra-Firm Trade <ul style="list-style-type: none"> - Foreign market entry, export contracts, investment policies; - Motivations for international production; - Choices on entry modes; - Multinationals and international production; - Value chains and global production networks; - Internalization in firm assets; - Intra-firm trade. 	K. Reinert, Chapters 9 and 10; pages 142-154; 160-170
7	28.10.19	Section 3: International Finance GDP composition/ National Accounting Frameworks <ul style="list-style-type: none"> - Gross Domestic and National Income calculation and Balance of Payments Accounts; - Open and closed economy; - Circular Flow Diagram; Global imbalances in BoP accounts 	K. Reinert, Chapter 13; pages 208-220
8	4.11.19	- . MIDTERM EXAM	
9	11.11.19	Exchange Rates; Purchasing Power Parity <ul style="list-style-type: none"> - Nominal Exchange Rate; - Real Exchange Rate; - Purchasing Power Parity; - Trade flows and Exchange Rates; - Hedging; Forex Derivatives. 	K. Reinert, Chapter 14; Pages 228-240
10	18.11.19	Fixed and Flexible Exchange Rates <ul style="list-style-type: none"> - Exchange rate in international transactions, foreign exchange markets, Assets in the foreign exchange markets; - Trade and asset based models of flexible exchange rates; - Interest rates, expectations, and exchange rates; - Alternative Exchange Rate regimes; - Fixed Exchange Rate Models; - Interest rate and fixed exchange rates. 	K. Reinert, Chapter 16 and 16; pages 246-256; 266-277
11	25.11.19	Crises and responses to crises <ul style="list-style-type: none"> - Types of crisis; - Systemic risks in international crisis; - Origin of crisis explained through several approaches; - Currency Crisis; - Great Depression; Asian Crisis; Global Financial Crisis; Azerbaijani crisis? - Responses to crisis; 	K. Reinert, Chapters 18 and 19; pages 308-324; 332-345 (Optional: Chapter 17 – IMF).
12	02.12.19	Monetary Unions (IMF) <ul style="list-style-type: none"> - European Monetary Union and the Financial Crisis; - EU and the Greek Crisis. 	K. Reinert, Chapter 19; pages 332-345 (Optional: Chapter 17 – IMF).
13	09.12.19	Section 4: International Development Development Concepts/ Growth and development <ul style="list-style-type: none"> - Defining development; - Capitalist mode of economic organization; - Development and Growth; - Human Development; - Structural Change and development - Growth Theories (Exogenous; Endogenous); 	K. Reinert, Chapter 20 and 21; pages 354-366; 372-385

		- Trade, growth and institutions.	
14	16.12.19	International Production and Development - Benefits and costs of international production; - Policy stances in international production; Quiz 2	K. Reinert, Chapter Chapter 22; pages 392-407
15	23.12.19	Structural change and adjustments - Defining structural change; - Traded and non-traded goods; - Production Possibility Frontier in relation to internal and external balance; - Traded goods and Growth. Project	K. Reinert, Chapter 24; pages 436-450
16	TBA	FINAL EXAM	